

**LODI CITY COUNCIL
REGULAR CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
WEDNESDAY, MAY 3, 2006**

A. CALL TO ORDER / ROLL CALL

The Regular City Council meeting of May 3, 2006, was called to order by Mayor Hitchcock at 7:08 p.m.

Present: Council Members – Beckman, Hansen, Johnson, Mounce, and Mayor Hitchcock

Absent: Council Members – None

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Blackston

B. INVOCATION

The invocation was given by Reverend David Hill, Grace Presbyterian Church.

C. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Mayor Hitchcock.

D. AWARDS / PROCLAMATIONS / PRESENTATIONS

D-1 (a) Fire Chief Pretz presented the "Firefighter of the Year 2005" plaque to Firefighter Michael Alegre II.

D-2 (a) Mayor Hitchcock presented a proclamation to Mark Chandler, representing the Lodi-Woodbridge Winegrape Commission, proclaiming the month of May 2006 as "Zinfandel Month" in the City of Lodi.

D-2 (b) Mayor Hitchcock presented a proclamation to Darlene DeMarco, E.D., and Vanessa Garner, Executive Assistant, representing the American Lung Association, proclaiming the month of May 2006 as the American Lung Association's "Clean Air Month" in the City of Lodi.

D-2 (c) Mayor Hitchcock proclaimed the month of May 2006 as "Veteran Appreciation Month" in the City of Lodi. Representatives were unable to attend the meeting to accept the proclamation.

D-2 (d) Mayor Hitchcock presented a proclamation to Police Chief Adams proclaiming the month of May 2006 as "Peace Officer Memorial Month" in the City of Lodi.

D-2 (e) Mayor Hitchcock presented a proclamation to Wally Sandelin, City Engineer, proclaiming the week of May 21 – 27, 2006, as "National Public Works Week" in the City of Lodi.

D-3 (a) City Clerk Blackston gave an update on the Centennial activities being planned for 2006.

E. CONSENT CALENDAR

In accordance with the report and recommendation of the City Manager, Council, on motion of Council Member Beckman, Mounce second, unanimously approved the following items hereinafter set forth:

E-1 Claims were approved in the amount of \$2,223,745.24.

E-2 The minutes of February 28, 2006 (Shirtsleeve Session), March 14, 2006 (Shirtsleeve Session), March 14, 2006 (Special Joint Meeting w/Lodi Budget/Finance Committee), March 28, 2006 (Shirtsleeve Session), March 28, 2006 (Special Meeting), April 4, 2006 (Shirtsleeve Session), and April 5, 2006 (Regular Meeting) were approved as written.

- E-3 Authorized advertisement for bids for the sale of surplus overhead all aluminum conductor and related material.
- E-4 Adopted Resolution No. 2006-71 awarding the contract for Playground Improvements at Peterson Park "West" Playground, 199 Evergreen Drive, to A.M. Stephens Construction, of Lodi, in the amount of \$86,978.
- E-5 Adopted Resolution No. 2006-72 awarding the bid for the purchase of White Slough Water Pollution Control Facility telephone system replacement from AT&T (SBC), of Stockton, under the terms of the State of California CALNET contract in the amount of \$44,000.
- E-6 Adopted Resolution No. 2006-73 approving pedestrian safety improvements on Lockeford Street at Orange Avenue and on Ham Lane at Kirkwood Drive with funds provided by the Lodi Unified School District for the benefit of Washington and Lakewood Elementary Schools.
- E-7 Accepted improvements under "Lockeford Street Water Main (Church Street to Sacramento Street) and Olive Court Water Main Replacement (Pleasant Avenue to Church Street) Project" contract.
- E-8 Adopted Resolution No. 2006-74 authorizing the City Manager to execute Contract Change Order with Western Water Constructors, Inc., of Santa Rosa, for payment of services for work associated with emergency repair of 48-inch domestic sewer outfall pipe at White Slough Water Pollution Control Facility and appropriating \$88,000.
- E-9 Adopted Resolution No. 2006-75 approving improvement deferral agreement for 1243 East Harney Lane and authorizing the City Manager and City Clerk to execute the agreement on behalf of the City.
- E-10 Adopted Resolution No. 2006-76 approving the master lease agreement between the City of Lodi and Lodi Grape Festival and National Wine Show Association for use of various festival ground facilities that will serve both indoor and outdoor recreational programs, which will run for the period July 1, 2006 to June 30, 2011, at a lease rate of \$20,000 per year.
- E-11 Adopted Resolution No. 2006-77 authorizing transfer of \$202,200 in Community Development Block Grant funds from project 02-07 Housing Assistance Programs to project 05-02 LOEL Senior Housing Acquisition Project.
- E-12 Re-set public hearing for June 7, 2006, to consider adopting resolution implementing previously authorized Consumer Price Index-based water and wastewater rates.

F. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

- Mary Hoff stated that property owners surrounding the proposed Delta College satellite campus site on east Victor Road were shocked to read about it in the newspaper with no forewarning. The land has always been zoned AG-40. The levee recently broke near the proposed campus site and half of the 168 acres is underwater. The river is wildlife sanctuary and yet they are planning on putting a police academy and shooting range in the area. She requested that this matter be placed on a future agenda so that residents can express their concerns.

Mayor Hitchcock explained that the satellite campus project is only in an exploration stage at this point and that the appropriate body for concerned residents to address would be the Delta College Board of Trustees, as the City of Lodi does not have any authority or jurisdiction over the matter.

Council Member Hansen stated that an Environmental Impact Report would be done on the project and public input would be sought at that time.

- Sandy Marchland expressed concern about the increased traffic, crime, etc. that this project would bring to the area. She asked Council to consider other options that would not have such a huge impact on the condensed amount of people in a small area.
- Lori Ferdun pointed out that the area for the proposed college campus has grape vineyards that would have to be torn out. Ms. Ferdun's property was in the middle of the proposed site. She urged Council to consider Armstrong Road or property at White Slough instead. She read in The Record newspaper that Council Member Hansen stated her family was posturing for more money, which Ms. Ferdun stated was untrue and asserted that there was no amount of money that Delta could offer her to move as they could not replace her home or environment. She felt that the property owners should have been made aware of the proposal before it was published in the newspaper. She asked that the matter be scheduled on a future agenda and that Delta College representatives be in attendance.
- Terry Fena commented that the project hinges on the annexation of the property into the City of Lodi and it providing services. Delta College has addressed the Council on the matter. Council Members Hansen and Johnson serve on the Delta College Task Force and have expressed their willingness to support the project. For this reason, he felt that they should abstain from further City business regarding the matter due to a conflict of interest. He asked that the matter be placed on a future agenda and that residents be notified in advance of any future proposed action between the City and Delta College.

Mayor Hitchcock explained that no property will be annexed until the owners request it. The selection of the property will be Delta College's decision. Delta College will be going through a due diligence period for the next six months and holding public meetings. If the project proceeds, it will eventually be brought back to the City Council.

- Ann Cerney pointed out that there had been an investment of City personnel into this issue and she supported the request of property owners to be heard when the matter comes before Council.
- Kathy Grant invited Council and the public to attend the Lower Mokelumne River Stewardship Committee open house on May 10.
- Ray Golub stated that his property is adjacent to and has been impacted by the Lower Sacramento Road widening project. He submitted 27 pages of information and photos (filed).

G. COMMENTS BY CITY COUNCIL MEMBERS ON NON-AGENDA ITEMS

- Council Member Hansen reported that he attended a conference in Washington D.C., April 23 to 26, sponsored by the Northern California Power Agency and Northwestern Public Power Agency. Meeting topics included:
 - 1) The California Information Systems Operation and the fact that it does not address issues related to municipal utilities;
 - 2) The Central Valley Project, which is a series of dams from which the City receives some of its electricity. Congress was to review and eliminate some of the environmental acts and regulations that were enacted in 1970; however, it has failed to do so. The cost of the restrictions amount to \$70 million, and it is hoped to get them reduced to \$50 million;
 - 3) Security issues related to dams, of which the cost would be passed on to municipal- and investor-owned utilities. It is desired that dams be identified that are deemed to be essential facilities.
- Council Member Mounce stated that she recently asked Central Valley Waste Services (CVWS) to address the issue of garbage in alleys. CVWS sends letters to property owners who are creating problems; however, many are absentee owners so nothing is accomplished. Drivers take photos of garage left on sidewalks, curbs, and alleys, and Ms. Mounce suggested

that a partnership be created between CVWS and the Code Enforcement Division of the Community Development Department. She asked that a Shirtsleeve Session be scheduled to discuss the matter. She recalled previously requesting that a policy be developed to address catering trucks and unlicensed vendors. She thanked the students of Vineyard Christian Middle School who sent letters promising to work with the neighbors surrounding the school.

- Mayor Pro Tempore Johnson reported that he and City Manager King attended the quarterly dinner meeting of the Central Valley Division of the League of California Cities. He encouraged all Council Members to get involved with the League on a local level as there is a vast wealth of knowledge within the group.
- Council Member Beckman stated that the San Joaquin Council of Governments (SJCOC) is preparing a summary of the One Voice trip to Washington D.C. and, when completed, he will present the report to Council.
- Mayor Hitchcock reported that she recently participated in a SJCOC meeting, at which a unanimous vote in support of Measure K (half cent sales tax dedicated to transportation) took place.

H. COMMENTS BY THE CITY MANAGER ON NON-AGENDA ITEMS

None.

I. PUBLIC HEARINGS

None.

J. COMMUNICATIONS

J-1 Claims filed against the City of Lodi – None

J-2 The following postings/appointments were made:

- a) The City Council, on motion of Council Member Beckman, Mounce second, unanimously directed the City Clerk to post for the following vacancy:

Lodi Animal Shelter Task Force

Barbara Steinheimer Unspecified term limit

J-3 Miscellaneous – None

K. REGULAR CALENDAR

K-1 “Adopt resolution amending Public Works Department engineering fees for various development services; amending Community Improvement fees for administrative procedures; and amending Planning fees to add pre-development review and hourly charges”

Community Development Director Hatch explained that, in an effort to recover costs for Public Works services in its Engineering Division, staff is recommending that engineering fees be amended for annexation, development plan review, tentative and parcel map review, condominium conversion review, and site and architectural plan and building permit review. Public Works conducted an analysis of the personnel time and associated costs with regard to the review of applications and proposals. The proposed fee schedule is listed on Exhibit B of the staff report (filed). The rate was based upon the average application review time. It is a “fully loaded” time that includes salary, benefits, and proportionate hourly share of overhead associated with the engineering function. Exhibit D (filed) shows the fully loaded hourly rate for Public Works staff. Staff recommends that a time and material charge be imposed on larger projects. The flat fee would be used on standard projects; however, time would be recorded and charged for projects that involve extensive

environmental review or analysis of subdivision maps, annexations, etc. Community Development fees are listed on Exhibits E, F, and G (filed). Community Development will track time for larger projects and bill in addition to the set fee. There are two new additions and procedures proposed: 1) predevelopment review in which staff would meet with an interested party, perform an initial evaluation, conduct a fatal flaw analysis of the proposal, and provide initial recommendations, and 2) a new fee is proposed for non-residential condominium conversion.

Council Member Hansen noted that Exhibit B states, "These fees shall be adjusted annually by inflation based on the Consumer Price Index (CPI)."

Mr. Hatch explained that the resolution states that the engineering fees will be subject to an annual adjustment; however, it does not include planning or community improvement fees. When there is a change in the salary structure, staff will reflect the change in the hourly rates and return to Council for approval.

Wally Sandelin, City Engineer, stated that there is a cutoff on residential projects at 75 units, which is about 15 acres. Staff will continue to monitor time and cost to ensure the CPI increase is adequate.

Mayor Hitchcock emphasized the importance of full cost recovery because these services are for the benefit of profit making individuals and organizations.

Mr. Hatch replied that staff is committed to having the fees be the true and actual cost of processing development applications.

In response to Mayor Pro Tempore Johnson, Mr. Hatch explained that simple projects such as a home occupation do not have an hourly rate added to them. Most minor improvements do not go before the Site Plan and Architectural Review Committee. The fees are to cover actual costs; there is no provision to make a profit as is seen with consultant fees.

PUBLIC COMMENTS:

- Ann Cerney hoped that when fees are paid for predevelopment review, it becomes public information, to which Mr. Hatch confirmed that it would.

MOTION/ VOTE:

The City Council, on motion of Council Member Beckman, Hansen second, unanimously adopted Resolution No. 2006-78 amending Public Works Department engineering fees for various development services; amending Community Improvement fees for administrative procedures; and amending Planning fees to add pre-development review and hourly charges.

RECESS

At 8:50 p.m., Mayor Hitchcock called for a recess, and the City Council meeting reconvened at 9:00 p.m.

K. REGULAR CALENDAR (Continued)

- K-2 "Adopt resolution authorizing the City Manager to execute professional services agreement with Fehr & Peers Transportation Consultants, of Walnut Creek, for preparation of Travel Demand Forecasting Model for General Plan update and appropriating funds (\$160,000)"

Wally Sandelin, City Engineer, reported that the last traffic model was prepared in 1990 in conjunction with the current general plan. Staff is requesting that Council approve preparation of a new model for existing conditions with the intent to accelerate the general plan process.

In response to questions posed by Mayor Hitchcock, Community Development Director Hatch explained that staff compiled a list of requirements for the general plan update, which was mailed to 24 consultant firms. In the responses, there were two traffic engineers that virtually all the consultants used. The seven responses to the Request for Qualifications that were received were reviewed by staff, and three firms were selected that were most responsive. Each of the three firms listed Fehr & Peers Transportation Consultants. By taking the recommended action under this item, fiscal efficiency will be achieved by not paying a 10% to 15% markup for the master consultant to work with the traffic engineer.

MOTION / VOTE:

The City Council, on motion of Council Member Hansen, Beckman second, unanimously adopted Resolution No. 2006-79 authorizing the City Manager to execute professional services agreement with Fehr & Peers Transportation Consultants, of Walnut Creek, for preparation of Travel Demand Forecasting Model for General Plan update and appropriating funds in the amount of \$160,000.

NOTE: The following item was discussed out of order.

- K-7 "Adopt resolution approving artwork for elevated water tank and appropriating funds for artwork application (\$30,000)"

Public Works Director Prima reported that Council previously authorized staff to work with the Public Art Advisory Board to solicit proposals for an artwork project on the water tank. Originally, the artist proposed to use applied vinyl; however, there were concerns of longevity. Paint will last approximately 15 years and cost \$46,000 for the public art portion of the project. The entire water tank will be painted at a cost of \$49,000, which will be deducted from the Water Fund. The project will be completed this summer.

Council Member Hansen asked that "incorporated 1906" be large enough so it is clearly visible.

MOTION:

Council Member Mounce made a motion, Beckman second, to adopt Resolution No. 2006-80 approving artwork for elevated water tank and appropriating funds in the amount of \$46,000 for artwork application.

DISCUSSION:

Mayor Hitchcock stated that she would support the proposal only because it is the City's Centennial year. She expressed concern due to the high cost of the project. She recalled that when the Public Art Policy was created, the 2% was not funded, so it takes money for which impact fees were contributed.

PUBLIC COMMENTS:

- Sara Costa stated that she sent letters to every Mayor over the past seven years, hoping to generate interest in this project. She thanked Council Member Beckman for responding last year and thanked Council for its support.

Mr. Prima confirmed that when the Public Art Policy was originally adopted the decision was to take 2% out of impact fees for the Art Fund. The money is transferred, so there is now a separate fund for the art program. When staff brought forward the sewer fees earlier this year, the art piece was separated out and voted on as a surcharge. Staff will be coming back to Council on the remaining seven impact fees.

- Ray Golub mentioned that during the summer of 2000 he crossed the United States on a bicycle, riding a total of 4,300 miles. In every town he headed to, his inspiration was looking at the water towers, as they exemplified home and a place to rest and be welcomed. He stated that Sign Tech, a company in Sacramento, does the vinyl application of artwork.

VOTE:

The above motion carried by a unanimous vote.

- K-3 “Adopt resolution complying with the order of the San Joaquin County Superior Court dated February 10, 2006, to vacate approval of the resolutions regarding the Lodi Shopping Center: a) certification of Environmental Impact Report 03-01 (SC#2003042113); b) approval of Use Permit U-02-12; and c) approval of Tentative Parcel Map 03-P-001; and adopt resolution authorizing the City Manager to execute two agreements to prepare Environmental Impact Report amendments for the Lodi Shopping Center: one with Pacific Municipal Consultants for \$72,000 and one with Bay Area Economics for \$46,075”

Community Development Director Hatch recalled that the Planning Commission and Council evaluated and certified the Environmental Impact Report (EIR) and approved a use permit for the Lodi Shopping Center project, which includes a Super Wal-Mart store. The City's approvals, specifically the certification of the EIR, were challenged in Superior Court, and on December 19, 2005, the court found the EIR to be deficient. On February 10, 2006, the City was ordered to vacate the approvals. Two resolutions are presented to Council for adoption: 1) to vacate the approvals and comply with the court order, and 2) authorize the City Manager to enter into agreements to prepare the updated and revised EIR.

NOTE: Council Member Beckman recused himself due to a conflict of interest regarding the Wal-Mart project and vacated his seat at the dais at 9:34 p.m.

Bert Verrips, Project Manager for Pacific Municipal Consultants (PMC), acknowledged that his firm was involved in preparing the original EIR. A downtown study was prepared prior to PMC being hired; however, they used the study in the EIR. Bay Area Economics will prepare the economic impacts analysis needed due to the Court's decision.

Mayor Hitchcock expressed concern about the two-month timeframe to complete the economic impact analysis.

Mr. Hatch assured Ms. Hitchcock that staff also wants a thorough and complete analysis that can withstand additional litigation.

Mr. Verrips explained that an economic impact analysis normally take two months to complete if there is adequate staff devoted to it. The EIR process is, essentially, being started over again. The California Environmental Quality Act process involves many reviews and takes a minimum of nine months to complete in the best of circumstances.

PUBLIC COMMENTS:

- Ann Cerney spoke on her behalf as well as Citizens for Open Government and stated that the City should start from scratch and prepare a complete EIR.

MOTION #1 / VOTE:

The City Council, on motion of Council Member Hansen, Johnson second, adopted Resolution No. 2006-81 complying with the order of the San Joaquin County Superior Court dated February 10, 2006, to vacate approval of the resolutions regarding the Lodi Shopping Center: a) certification of Environmental Impact Report 03-01 (SC#2003042113); b) approval

of Use Permit U02-12; and c) approval of Tentative Parcel Map 03-P-001. The motion carried by the following vote:

Ayes: Council Members – Hansen, Johnson, Mounce, and Mayor Hitchcock
Noes: Council Members – None
Absent: Council Members – None
Abstain: Council Members – Beckman

MOTION #2 / VOTE:

The City Council, on motion of Council Member Hansen, Johnson second, adopted Resolution No. 2006-82 authorizing the City Manager to execute two agreements to prepare Environmental Impact Report amendments for the Lodi Shopping Center: one with Pacific Municipal Consultants for \$72,000 and one with Bay Area Economics for \$46,075. The motion carried by the following vote:

Ayes: Council Members – Hansen, Johnson, Mounce, and Mayor Hitchcock
Noes: Council Members – None
Absent: Council Members – None
Abstain: Council Members – Beckman

NOTE: Council Member Beckman returned to the dais at 9:49 p.m.

- K-4 “Authorization to fill a previously ‘frozen’ Junior/Assistant/Associate Planner position in the Community Development Department”

City Manager King reported that there were four planner positions in the Community Development Department: City Planner, Planner Manager/Senior Planner; and two planners at either the junior, assistant, or associate planner level. There are two planner position vacancies and enough money in the budget to fill both positions. Staff is currently engaged in a recruitment to fill the positions.

MOTION:

Council Member Beckman made a motion, Johnson second, to authorize the City Manager to fill a previously “frozen” Junior/Assistant/Associate Planner position in the Community Development Department.

DISCUSSION:

Council Member Mounce pointed out that if there was a backlog of work then the community would grow slower, which she was in favor of.

VOTE:

The motion carried by the following vote:

Ayes: Council Members – Beckman, Hansen, Johnson, and Mayor Hitchcock
Noes: Council Members – Mounce
Absent: Council Members – None

- K-5 “Authorize the City Manager to execute fee adjustment agreement for Vintage Oaks Subdivision” was ***pulled from the agenda pursuant to the request of the applicant.***

- K-6 “Authorize the City Manager and City Attorney to enter into negotiations with San Joaquin County for provision of domestic wastewater treatment services for County Service Area 31 (Flag City) and proceed on necessary studies”

Public Works Director Prima reported that the County has again returned to the City and asked for serious consideration of connecting the Flag City development to the City's wastewater treatment plant. To do so would require an amendment to the Municipal Code. Staff is asking Council for authorization to enter into negotiations with the County. The cost

of evaluating the impacts would be borne by the County. He reviewed points to address in the agreement as was outlined in the staff report (filed). Depending on the actual flow and strength, the surcharge revenue to the General Fund would be approximately \$100,000 per year.

Deputy City Attorney Magdich referenced *Dateline Builders v. Santa Rosa*, in which the court determined that the city could decide not to provide sewer service to a particular builder because it did not comport with the plan. She mentioned that this may be an opportunity for the City to consider the corridor between Lodi and Interstate 5. It is within the City's police power to use this means (in terms of sewer service) for planning and growth.

City Manager King acknowledged that one of the major benefits in providing sewer service would be the ability to control the area. Issues to discuss with the County include the regional presence that is undercutting the tax base in Lodi, the two hotels in Flag City are not paying the 3% Lodi Tourism Business Improvement District assessment, and yet they are benefiting from it.

In reply to Mayor Pro Tempore Johnson, Mr. King explained that the County could consider expanding the area to improve the economies of scale or to get domestic wastewater service from Lodi or Stockton for County Service Area 31.

PUBLIC COMMENTS:

- Tom Flinn, San Joaquin County Public Works Director, recalled that when Flag City was first developed it was authorized to discharge to the Delta. That ability is being eliminated over time. Flag City is three quarters built out at this time. He noted that it is the gateway to Lodi and by working cooperatively its appearance could be improved, which would benefit both parties. He estimated the cost of sewer treatment plant upgrades as required by the state to be \$10 million to \$12 million.

Council Member Hansen expressed an interest in exploring the issue of the corridor from Highway 12 at Lower Sacramento Road west to Interstate 5.

Council Member Beckman suggested that the additional effluent be used to irrigate landscaping and further enhance the aesthetic quality of the area.

Mayor Pro Tempore Johnson asked whether the seven mile sewer line would be discussed during negotiations, to which Mr. King replied that he would rather focus initially only on Flag City and if possible would get a broader understanding.

- Ann Cerney felt the City was placing a lot of weight on what could be accomplished in regard to control of the area, based on the limited legal authority of just one case. She saw a trend of matters coming to the Council that have a distinct land use character; however, they were not previously reviewed or discussed by the Planning Commission, and the California Environmental Quality Review has not been discussed at all.

MOTION / VOTE:

The City Council, on motion of Council Member Hansen, Beckman second, unanimously authorized the City Manager and City Attorney to enter into negotiations with San Joaquin County for provision of domestic wastewater treatment services for County Service Area 31 (Flag City), proceed on necessary studies, and return to Council with a response by July 31, 2006.

- K-8 "Adopt resolution authorizing the City Manager to cancel the original plan of reconstructing Killelea Substation and installing two 60kV power circuit breakers at Industrial Substation; to implement the scaled-back rehabilitation project of Killelea Substation; to have Power Engineers, Inc., of Hailey, ID, re-scope, re-engineer, and re-design the scaled-back project; and to negotiate its construction with Rosendin Electric, Inc., of San Jose, CA (\$3,479,110)"

Electric Utility Director Morrow recalled that Council had previously approved the demolition and reconstruction of the existing Killelea substation. On December 21, a contract with Rosendin Electric was approved. Mr. Morrow stated that a scaled-back rehabilitation of the substation could save \$3 million and achieve 85% to 90% of the benefits. Redesign and renegotiation of the contract would need to be accomplished as well as returning to Council with the amended contract. He estimated that the project could be complete by summer 2007. He stated that there are currently no reliability issues or problems at the Killelea substation. It is an old substation, and spare parts for the electronics are becoming more difficult to acquire. The scaled-back proposal will include complete replacement of all the electronics, as well as state of the art switchgear and communication devices. The transformers and 60 Kv breakers could easily be added later as necessary. The transformers are relatively lowly loaded and there is no new capacity being added to the substation. He believed the scaled-back rehabilitation would be adequate for the next 10 to 15 years.

In reply to Council Member Mounce, Mr. Morrow stated that aesthetically it will look like a new substation. Some of the overhead equipment will be put inside a control building.

Deputy City Attorney Magdich confirmed that it would be necessary to remove a vacant house. She initiated negotiations with the property owner's attorney and an assessment has been done on the property. The next step in the process will be to have an updated appraisal done.

MOTION / VOTE:

The City Council, on motion of Council Member Hansen, Mounce second, unanimously adopted Resolution No. 2006-83 authorizing the City Manager to cancel the original plan of reconstructing Killelea Substation and installing two 60kV power circuit breakers at Industrial Substation; to implement the scaled-back rehabilitation project of Killelea Substation; to have Power Engineers, hc., of Hailey, ID, re-scope, re-engineer, and re-design the scaled-back project; and to negotiate its construction with Rosendin Electric, Inc., of San Jose, CA, in the amount of \$3,479,110.

VOTE TO CONTINUE WITH THE REMAINDER OF THE MEETING

The City Council, on motion of Mayor Pro Tempore Johnson, Hansen second, unanimously voted to continue with the remainder of the meeting following the 11:00 p.m. hour.

K. REGULAR CALENDAR (Continued)

K-9 "Receive information regarding transfer of funds to the Electric Utility Capital Outlay Fund 161 (\$2,000,000)"

City Manager King recalled that in 1999 when the Electric Utility capital bond was approved the official statement had a long list of capital expenditures on which the money could be spent. When the Council entered into the indenture, it authorized the expenditure of the bond proceeds on those items. He reported that in the absence of any extraordinary infusion of cash, the cash balance at the end of this fiscal year will be insufficient to provide coverage for the obligation of the debt service. Staff will be using \$1,485,000 to \$2 million of bond proceeds to offset the cost of capital projects that are contained in the 2005-06 budget.

In reply to Mayor Hitchcock, Electric Utility Director Morrow stated that next year the Utility will have 12 months of rate increase revenue and there will be a slight decrease in the projections of power costs. He believed it would not be necessary next year to use bond proceeds for operating expenses.

MOTION / VOTE:

There was no Council action taken on this matter.

- K-10 "Adopt resolution authorizing the City Manager to execute Task Order with Treadwell & Rollo for PCE Central Plume Remediation Phase I Dual Phase (Soil Vapor and Groundwater) Extraction Project (\$302,000) and revising hourly rates"

Public Works Director Prima described the dual phase (soil vapor and groundwater) extraction process. Treadwell & Rollo believes that the cleanup can be done at a lower cost by doing a series of these types of wells in the central plume source area. The proposed scope of work includes design and installation of one such well to verify the design criteria and cost estimates prior to installing a full system. In addition, Treadwell & Rollo has requested that the master agreement, first entered into in 2004, be revised to update some of the hourly rates.

MOTION / VOTE:

The City Council, on motion of Mayor Hitchcock, Mounce second, unanimously adopted Resolution No. 2006-84 authorizing the City Manager to execute Task Order with Treadwell & Rollo for PCE Central Plume Remediation Phase I Dual Phase (Soil Vapor and Groundwater) Extraction Project (\$302,000) and revising hourly rates.

L. ORDINANCES

None.

M. ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 11:14 p.m.

ATTEST:

Susan J. Blackston
City Clerk